

WASHINGTON, DC - Today, the U.S. House of Representatives passed H.R. 7321, the Auto Industry Financing and Restructuring Act by a vote of 237 to 170 ([Roll Call No. 690](#)).

Congressman Robert C. “Bobby” Scott (D-VA-03) voted in favor of the legislation.

Congressman Scott issued the following statement:

“The American auto industry has been hit hard by a sharp downturn in sales, which has been exacerbated by the struggling American economy. H.R. 7321 provides up to \$15 billion in short-term loans to assist the industry until the economy recovers.

The legislation requires strict oversight by the Federal Government, ensures that the taxpayer’s investment is protected and repaid, and requires the industry to drastically restructure at all levels to ensure their continued viability and competitiveness.

“Specifically, the bill bans certain corporate excesses, such as bonuses for the 25 most highly paid employees at each company. It also prohibits the automakers from paying dividends to their shareholders over the life of the loans.

The President will also designate one or more individuals to hold the car companies accountable for developing and implementing viable long-term restructuring plans.

This so-called 'Car Czar' can require immediate repayment of the loan if a company has not made adequate progress to develop a long-term restructure plan by February 15, 2009.

Any company that receives the bridge loan will not be eligible for additional federal assistance if it fails to submit an acceptable final restructuring plan by March 31, 2009.

The legislation also ensures that if a company files for bankruptcy, the Federal loan could not be discharged and must be paid back.

"American automakers are the backbone of our manufacturing industry. After our economy shed 500,000 jobs last month, inaction by the Federal Government would jeopardize an additional 3 million jobs.

The cost of losing these jobs may be more expensive than the cost of the legislation.

If the companies were to fail, the cost of unemployment insurance, pension guarantees, and lost tax revenue to local, state and federal governments may well exceed the total cost of the legislation.

Inaction will also further inflame the housing crisis since more families would be unable to pay their mortgages."

"The action Congress was forced to take today is a consequence of eight years of the outgoing Administration's reckless economic policy, which has resulted in the worst job growth since the Great Depression. Although not ideal, I believe this

was the most appropriate action for Congress to take at this time to assist the auto industry until the economy begins to improve.”

A full summary of H.R. 7321 is available on the House Financial Services Committee website at:

http://www.house.gov/apps/list/press/financialsvcs_dem/auto_bill_summary.pdf .

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